

Application No.: 10/688,782

## REMARKS

Claims 1-17 remain in this case. Claims 14-17 have been withdrawn under a restriction requirement.

Claims 1-13 are rejected under 35 USC 102(b) as being anticipated by Green et al. (US 5,042,842). Claims 1-4, 8-10 and 13 are rejected under 35 USC 102(b) as being anticipated by Finke et al. (US 5,732,979). Claims 1-13 are rejected under 35 USC 102(c) as being anticipated by Cote et al. (US 6,805,926). Claim 4 has been rejected for lack of antecedent basis. Claims 1 and 4 have been amended in response to these rejections.

The patent to Green may disclose seller identification but, contrary to the Examiner's statement, it does not disclose visible theft-deterring indicia on the outer surface as is presently claimed in **claim 1**. Security markings 22 are applied to the bottom surface of the paper face stock, not the outer surface. (2/45-47) It would not have been obvious to modify Green because the basic concept behind Green is to permit the label to be cut with a sharp instrument to create a flap to permit the top layer to be peeled back and the indicia to be revealed thus indicating the authenticity of the product. (1/35-39) Placing the security indicia on the outer surface would therefore have been contrary to the teachings of Green.

The Finke patent is directed to a label designed to prevent switching of labels on, in particular, CDs. "For example, a merchant needs to determine whether merchandise which was rented from it is the same merchandise that is being returned to it to deter customers from attempting to switch good rented merchandise with a bad return merchandise (such as a customer's scratched disk)." (1/22-27) Security label 1 contains printed information 4, such as the name of the store, on face 5. If a user attempts to remove a security label from the CD, "a fracturing of a polyester/metal bond will result leaving the word "void", a checkerboard pattern on the item, or some other appropriate indication of tampering 11." (5/40-43) Therefore, the Finke patent also does not have a security sensitive label having an outer surface with visually detectable theft-deterring indicia as presently claimed in **claim 1**. It would not have been obvious to modify Finke to arrive at the invention of claim 1 because the basic concept is to expose the indication of tampering 11 only if and until someone tries to remove security label 1. Therefore, placing the security indicia on the outer surface would have been contrary to the teachings of Finke.

The Cote patent is directed to a label 10 having indicia 18 (including, for example, company name, product name, brand name, ingredients, etc.) and a visible security element 12, such as a

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security thread, used to verify the authenticity of the item. In contrast, the present invention of **claim 1** is directed to

"a security sensitive label, for application to a product to help deter theft. The label includes a label body having inner and outer surfaces with a substrate-damaging adhesive on the inner surface. The outer surface comprises seller identification and theft-deterring indicia. Theft of a product may be deterred by application of the security sensitive label to the product so that if the product is stolen, (1) removal of the label may damage the substrate to which the label is applied, or (2) leaving the label on the product will alert a subsequent purchaser to the origin of the product, so that in either case the product becomes less saleable." (Paragraph 8)

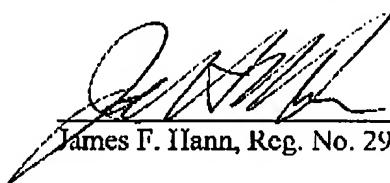
There is nothing in Cote to suggest the use of a substrate-damaging adhesive nor the use of visually detectable theft-deterring indicia on the outer surface of the label. Security element 12 of Cote will not "alert a subsequent purchaser to the origin of the product" and therefore is not a visually detectable theft-deterring indicia. In fact, it may do exactly the opposite: vouch for the authenticity of the product.

Accordingly, **claim 1** is allowable over the cited art.

The **dependent claims** are directed to specific novel subfeatures of the invention and are allowable for that reason as well as by depending from novel parent claims.

In light of the above remarks and the amendments to the claims, applicant submits that the application is in condition for allowance and action to that end is urged. If the Examiner believes a telephone conference would aid the prosecution of this case in any way, please call the undersigned at (650) 712-0340.

Respectfully submitted,



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